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RESOLUTION ADOPTED BY THE GENERAL ASSEMBLY

[on the report of the Fifth Committee (A/46/816)]

46/192. United Nations pension system

The General Assembly,

Recalling its resolutions 45/242 of 21 December 1990 and 45/268 of 28 June 1991,

Having considered the report of the United Nations Joint Staff Pension Board for 1991 to the General Assembly and to the member organizations of the United Nations Joint Staff Pension Fund, 1/ chapter III of volume I of the report of the International Civil Service Commission, 2/ the report of the Secretary-General on the investments of the Fund, 3/ and the related report of the Advisory Committee on Administrative and Budgetary Questions, 4/

I

ACTUARIAL SITUATION OF THE UNITED NATIONS JOINT STAFF PENSION FUND

Recalling section I of its resolution 44/199 of 21 December 1989, in which it approved measures to restore the actuarial balance of the United Nations Joint Staff Pension Fund over the long term,

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1/ Official Records of the General Assembly, Forty-sixth Session, Supplement No. 9 (A/46/9).

2/ Ibid., Supplement No. 30 (A/46/30), vols. I and II.

3/ A/C.5/46/15.

4/ A/46/614.

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1. Takes note with satisfaction of the significant reduction in the actuarial imbalance from 3.71 to 0.57 per cent of pensionable remuneration, reflected in the valuation of the United Nations Joint Staff Pension Fund as at 31 December 1990;

2. Takes note of the decision of the United Nations Joint Staff Pension Board to retain the current 6.5 per cent interest rate for lump-sum commutations and of its intention to review that rate in 1993, in the light of the results of the actuarial valuation of the Fund as at 31 December 1992;

3. Takes note also of the observations of the Board concerning the maximum number of years of creditable contributory service in the Fund, in paragraphs 40 to 53 of its report, 1/ and of its intention to review this matter again in 1993 in the light of the results of the actuarial valuation of the Fund as at 31 December 1992;

II

PENSIONABLE REMUNERATION AND PENSIONS OF STAFF IN THE GENERAL SERVICE AND RELATED CATEGORIES

Recalling that the Standing Committee of the United Nations Joint Staff Pension Board, acting on behalf of the Board, informed the General Assembly at its forty-third session, in paragraph 75 of the report of the Board, 5/ of its conclusion that a comprehensive review of the methodology for determining the pensionable remuneration and consequent pensions of staff in the General Service and related categories should be undertaken,

Also recalling that in section III of its resolution 45/242, the General Assembly took note of the intention of the International Civil Service Commission to undertake in 1991, in full cooperation with the Board, such a comprehensive review and requested that recommendations thereon should be submitted to the General Assembly at its forty-sixth session,

Noting that the Commission and the Board considered a number of methodological alternatives, but had not found it possible to submit specific recommendations to the General Assembly at its current session,

Taking note of the divergent views reflected in the reports of the Commission 2/ and the Board, 1/ on whether the current methodology gives rise to inconsistencies and problems and on the merits of the alternative methodologies examined,

Appreciating the complexities and the importance of the issues involved for all parties concerned, that is, staff, administrations and Member States,

Noting the positions in the Commission that the current arrangements have given rise to inconsistencies and anomalies and that therefore retention of the current methodology without change is not a viable option,

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5/ Official Records of the General Assembly, Forty-third Session, Supplement No. 9 (A/43/9).

1. Concurs with the conclusions of the International Civil Service Commission and the United Nations Joint Staff Pension Board that further studies are required of possible alternative methodologies in order to determine the most equitable solution for all parties concerned, including in particular studies of the feasibility of determining pensionable remuneration and/or pensions by reference to the local practices of employers used in General Service salary surveys, of the use of the income replacement approach followed in determining the pensionable remuneration of staff in the Professional and higher categories, and of the use of local taxes to derive the pensionable remuneration from the net pensionable salaries;

2. Endorses the phased approach to the comprehensive review and the timetable for its completion set out in paragraph 84 of volume I of the report of the Commission; 2/

3. Concurs with the observation of the Advisory Committee on Administrative and Budgetary Questions, in paragraph 14 of its report, 4/ that the recommendations of the Commission and the Board should aim to eliminate current anomalies in the system and that the further studies should be completed within the proposed time-frame;

4. Requests the Commission and the Board in their further studies to take into account the views expressed in the Fifth Committee, including in particular those related to the administrative and financial implications of determining pensions in accordance with local practices of employers used in the General Service salary surveys, and to the alternative of reflecting local conditions in the determination of the pensionable remuneration through the application of local tax rates to gross up net pensionable salaries;

III

PENSIONABLE REMUNERATION AND PENSIONS OF UNGRADED OFFICIALS

Recalling section II of its resolution 45/242, in which it expressed the belief that a common system approach should be used for the determination of the pensionable remuneration and pensions of all participants in the United Nations Joint Staff Pension Fund, including ungraded officials,

Having considered the views of the International Civil Service Commission and the United Nations Joint Staff Pension Board on the methodology for determining the pensionable remuneration of ungraded officials, including the executive heads of member organizations who are participants in the Fund, as set out in paragraphs 51 to 71 of volume I of the report of the Commission, 2/ and paragraphs 110 to 132 of the report of the Board, 1/

1. Reiterates its concern at the divergent practices that have emerged since 1984 in respect of the pensionable remuneration of ungraded officials and in particular of the executive heads of member organizations who are participants in the United Nations Joint Staff Pension Fund;

2. Concurs with the observation of the Advisory Committee on Administrative and Budgetary Questions contained in paragraph 26 of its report, 4/ that the methodology for determining the pensionable remuneration of ungraded officials should be considered with a view to eliminating the inconsistencies in the amounts of pensionable remuneration of certain of these officials;

3. Endorses the recommendations of the International Civil Service Commission that officials appointed or elected to ungraded posts who become participants in the Fund should have their pensionable remuneration determined in accordance with the methodology set out in paragraph 64 of volume I of the report of the Commission, 2/ with the modification indicated in paragraph 66 thereof;

4. Also endorses the recommendation of the Commission that the pensionable remuneration of such officials should be adjusted between comprehensive reviews in accordance with the procedure applicable for adjustment of the scale of pensionable remuneration of staff in the Professional and higher categories, as set out in article 54 (b) of the Regulations of the Fund;

5. Urges the governing bodies of the other member organizations of the Fund to adopt the methodology and adjustment procedure recommended by the Commission for determining the pensionable remuneration of their ungraded officials who become participants in the Fund, and to inform the General Assembly, the Commission and the United Nations Joint Staff Pension Board of the action taken in this regard;

6. Also urges the governing bodies of the other member organizations of the Fund to review the current levels of pensionable remuneration of their ungraded officials who are participants in the Fund, with a view to eliminating the divergencies from the levels established on the basis of the above methodology, taking into account the need to protect acquired rights derived from earlier decisions by the governing bodies concerned;

7. Requests the Board to consider again, at its next regular session, amendments to the Regulations of the Fund to incorporate provisions governing the pensionable remuneration of ungraded officials and to extend the provisions placing a limit on the highest levels of pensions to cover all participants in the Fund, including ungraded officials, and to submit recommendations thereon to the General Assembly;

8. Takes note of the views of the Commission, as set out in paragraphs 70 and 71 of volume I of its report, 2/ that, in the event that the governing body of a member organization decides that its elected officials should not be participants in the Fund, the alternative pension arrangements should be determined by that governing body, taking into account the terms of office and the desirability of establishing some comparability in the pension arrangements applicable to such officials;

9. Requests the Commission to recommend guidelines for determining the pension arrangements for ungraded officials who do not become participants in the Fund so as to ensure system-wide comparability, as well as appropriate monitoring procedures, and to submit recommendations thereon to the General Assembly at its forty-seventh session and to the governing bodies of the other organizations of the United Nations common system;

IV

CHANGES IN THE PENSION ADJUSTMENT SYSTEM

Recalling its request, contained in section IV, paragraph 5, of its

resolution 45/242 and reaffirmed in paragraph 5 of its resolution 45/268, that the United Nations Joint Staff Pension Board give priority to the development of a long-term approach to the determination of initial local currency pensions,

Also recalling section IV, paragraph 6, of its resolution 45/242 in which it invited the governing bodies of the other member organizations of the United Nations Joint Staff Pension Fund to refrain from seeking to establish additional pension entitlements for their staff, as well as paragraph 6 of its resolution 45/268, in which it reiterated that position,

1. Takes note of section III.F of the report of the United Nations Joint Staff Pension Board 1/ on the pension adjustment system, in particular on the longer-term modifications of that system considered by the Board for determining the initial local currency pensions, in the light of the expiration on 31 March 1992 of the transitional measure approved by the General Assembly in its resolution 45/242;

2. Also takes note of the observations of the Board, in paragraphs 180 and 181 of its report, on the implications of the resolution adopted by the Administrative Council of the International Telecommunication Union on a pension purchasing power protection insurance plan for the staff of the Union;

3. Approves the longer-term modification of the pension adjustment system and its effective dates, as recommended by the Board in paragraphs 175 and 176 of its report, and the consequential changes in the pension adjustment system, as set out in annex I to the present resolution;

4. Notes the intention of the Board to monitor closely the actual costs of the modification of the pension adjustment system approved herein;

5. Endorses the views of the Advisory Committee on Administrative and Budgetary Questions, as set out in paragraphs 22 and 23 of its report, 4/ that the Board should, on the basis of experience with the actual costs, determine whether any fine-tuning of the modification is warranted in order to limit the costs and that the guidelines set forth in General Assembly resolution 31/196 of 22 December 1976 should continue to be taken into account so as to ensure that changes in the pension adjustment system do not require increases in the financial liabilities of Member States;

6. Requests the Board at its next regular session to continue to consider economy measures, taking into account the views expressed in the Fifth Committee, and including in particular a change of the "120 per cent cap" provision under the two-track pension adjustment system given the increased protection provided by the modification of the system approved herein;

V

COMPOSITION OF THE UNITED NATIONS JOINT STAFF PENSION BOARD

1. Takes note of the observations of the United Nations Joint Staff Pension Board, in section III.G of its report, 1/ on its composition and on the periodicity of its regular sessions;

2. Also takes note of the recommendation that no change be made in the composition of the Board at the present time, and requests the Board to keep this matter under review and to submit a further report thereon to the General Assembly at its forty-eighth session;

3. Further takes note of the decision of the Board to hold its regular sessions henceforth on a biennial basis;

VI

AMENDMENT TO THE REGULATIONS OF THE UNITED NATIONS JOINT STAFF PENSION FUND

1. Approves, with effect from 1 January 1992, an amendment to article 14 of the Regulations of the United Nations Joint Staff Pension Fund, as set out in annex II to the present resolution, to provide for reporting by the United Nations Joint Staff Pension Board to the General Assembly and to the member organizations of the Fund at least once every two years, rather than annually, in the light of the decision of the Board to hold its regular sessions henceforth on a biennial basis;

2. Requests that the activities of the Standing Committee of the Board should be reported to the General Assembly in years when the Board does not meet only if the Standing Committee judges that action by the Assembly is required;

VII

EMERGENCY FUND

Authorizes the United Nations Joint Staff Pension Board Fund to supplement the voluntary contributions to the Emergency Fund, for the biennium 1992-1993, by an amount not exceeding 200,000 United States dollars;

VIII

ADMINISTRATIVE EXPENSES

1. Concurs with the recommendations of the Advisory Committee on Administrative and Budgetary Questions on the administrative expenses of the United Nations Joint Staff Pension Fund;

2. Approves expenses, chargeable directly to the Fund, totalling 40,403,600 dollars net for the biennium 1992-1993, and an increase in expenses of 2,116,100 dollars net for the biennium 1990-1991, for the administration of the Fund;

IX

OTHER MATTERS

Takes note of the other matters discussed in the report of the United Nations Joint Staff Pension Board; 1/

X

INVESTMENTS OF THE UNITED NATIONS JOINT STAFF PENSION FUND

1. Takes note with satisfaction of the report of the Secretary-General on the investments of the United Nations Joint Staff Pension Fund; 3/

2. Reiterates its request to Member States that do not grant tax exemptions to the investments of the Fund to do so as soon as possible.

79th plenary meeting
20 December 1991

ANNEX I

Changes in the pension adjustment system

C. DETERMINATION OF BASE AMOUNTS

Replace paragraph 5 (b) (i) by the following text:

"(b) A local currency base amount will be calculated for the country of residence established pursuant to section N below, as follows:

"(i) A cost-of-living differential factor will be established for the country of residence and the month of separation as explained in section D below. This factor will be applied to that portion of the final average remuneration which does not exceed the pensionable remuneration, on the date of separation, in the scale referred to in article 54 (b) of the Regulations, at the top step of the grades set out below:

- P-2: For separations before 1 April 1992;

- P-4: For separations on or after 1 April 1992;

For disability benefits commencing after 1 January 1991 and for other benefits derived therefrom; and

For survivors' and other benefits due to deaths in service of participants occurring on or after 1 January 1991.

The resulting amount will be added to the final average remuneration;".

D. COST-OF-LIVING DIFFERENTIAL FACTORS

Replace paragraph 6 (a) (iv) by the following text:

"(iv) The applicable cost-of-living differential factor will finally be derived from the following table, the result being interpolated, when necessary, between the factors applicable for two exact numbers of classes of post adjustment:

Thirty-six-month average excess of post adjustment classes over that of New York	Cost-of-living differential factor (percentage)
Separations before 1 April 1992	
Less than 4	0
4	3
5	7
6	12
7	17
8	22
9	28
10	34
11	40
12 or more	46
Separations on or after 1 April 1992; disability benefits commencing after 1 January 1991 and other benefits derived therefrom; and survivors' and other benefits due to death in service occurring on or after 1 January 1991	
Less than 1	0
1	3
2	8
3	14
4	19
5	25
6	31
7	38
8	45
9	52
10	60
11	68
12	76
13	85
14	94
15 or more	104".

ANNEX II

Amendment to the Regulations of the United Nations Joint Staff Pension Fund

Article 14

Replace the title and paragraph (a) by the following:

"Report and audit

"(a) The Board shall present to the General Assembly and to member organizations, at least once every two years, a report, including a balance-sheet, on the operation of the Fund, and shall inform each member organization of any action taken by the General Assembly upon the report."